GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1677
ANSWERED ON:12.12.2003
SHARE SCAMS
RAVINDRA KUMAR PANDEY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have taken any concrete steps to check the recurrence of share scams;

(b) if so, the details thereof;

(c) the total number of share scams during the last three years including the current year, 2003 alongwith the number of persons chargesheeted; and

(d) the number of persons against whom action has been taken alongwith the number of those acquitted?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b) It has been the constant endevour of Securities and Exchange Board of India (SEBI) to ensure the safety, integrity and efficiency of the stock market. In order to achieve this objective SEBI has taken various measures, which, inter-alia, include shortening of settlement cycle, global benchmarking of functioning of the stock exchanges, dynamic margining and risk management, strengthening of surveillance, enhanced on-site inspections, prescribing stringent disclosure norms for companies, better enforcement of corporate governance norms and inter-regulatory coordination for monitoring the capital markets.

(c)&(d) There have been a few instances of market manipulation in the past. A Joint Parliamentary Committee (JPC) was constituted to look into the share market scam of 2001, which submitted its report in December, 2002. One of the recommendations of the Committee was that suitable action be taken against all persons/entities involved in this episode of market manipulation. The first Action Taken Report (ATR) on the recommendations/ observations of the JPC was presented to the Parliament in May, 2003. Apart from action taken by SEBI pursuant to the JPC recommendations, SEBI takes action against market intermediaries and non-intermediaries as a part of its enforcement function. The details of number of actions taken in the last three years are given in the Annex. The Department of Company Affairs has conducted inspection of books of accounts and other records in respect of 96 companies which had been named by SEBI in the preliminary investigation report on the market miscondu! ct has ordered/launched 539 prosecutions so far for violations of the provisions of the Companies Act, 1956. Central Bureau of Investigation has registered 4 case during the last 3 years (upto 30-11-2003) and has filed chargesheet against 8 persons in two cases.

Annex referred to in reply to unstarred question no.1677 for 12th December, 2003 regarding `Share Scams` raised by Shri Ravindra Kumar Pandey

Action taken by SEBI in respect of investigation, enforcement and surveillance

	2000-01	2001-02	2002-03
Warnings issued	9	36	63
Suspension	4	8	42
Cancellation/card surrendered	1	1	11
Issues refunded/option given	4	-	2
Directions issued	35	98	136
Prosecutions	20	110	229
Number of persons against whom prosecution launched	98	613	848